

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant To Section 13 OR 15(d) Of The Securities Exchange Act Of 1934



Date of report (Date of earliest event reported) May 18, 2004

PHOTRONICS, INC.

(Exact name of registrant as specified in its charter)

<u>Connecticut</u>	<u>0-15451</u>	<u>06-0854886</u>
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

<u>15 Secor Road, Brookfield, CT</u>	<u>06804</u>
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, including area code (203) 775-9000

(Former name or former address, if changed since last report)

Item 5. Other Events

On May 18, 2004, the Company issued a press release reporting fiscal second quarter 2004 sales and earnings results for the period ended May 2, 2004. A copy of the press release is attached to this 8-K.

Item 7. Financial Statements and Exhibits

(c) Exhibits

99.1 Press Release dated May 18, 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHOTRONICS, INC.

(Registrant)

DATE May 18, 2004

BY /s/ Sean T. Smith

PHOTRONICS, INC.

EXHIBIT INDEX

Exhibit No.	Subject Matter
99.1	Press Release dated May 18, 2004.

For Further Information:

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FOR IMMEDIATE RELEASE
May 18, 2004

PHOTRONICS REPORTS SECOND QUARTER RESULTS

BROOKFIELD, Connecticut May 18, 2004 -- Photronics, Inc. (Nasdaq:PLAB), the world's leading sub-wavelength reticle solutions supplier, today reported fiscal 2004 second quarter and six month results for the period ended May 2, 2004.

Sales for the quarter were \$97.2 million, up 13.6%, compared to \$85.5 million for the second quarter of 2003. Net income for the second quarter of fiscal 2004 amounted to \$6.0 million, or \$0.17 per diluted share, compared to the prior year's second quarter net loss of \$44.1 million, or \$1.37 per diluted share. The net loss for the second quarter of fiscal 2003 included the impact of an after tax restructuring charge totaling \$39.9 million, or \$1.24 per diluted share, incurred in association with the consolidation of the Company's North American operating infrastructure.

Sales for the first six months of 2004 were \$187.7, up 12.5% from the \$166.9 million for the first half of fiscal 2003. Net income for the first six months of fiscal 2004 amounted to \$8.1 million, or \$0.24 per diluted share, compared to a net loss of \$52.6 million, or \$1.64 per diluted share. The net loss for the first six months of fiscal 2003 included the previously mentioned restructuring charges recorded in the second quarter of 2003.

Sean T. Smith, Chief Financial Officer, commented on the Company's improved year-over-year financial performance. "Our competitive position, technologically and financially, is strong in each of the global regions we service. We are continually challenging our employees to aggressively manage our infrastructure so as to insure Photronics has the systems in place to meet its revenue and earnings growth goals." He added, "The underlying fundamentals driving the demand for photomask technology and services are gathering momentum across all technology nodes, regions, and products. As an increasing number of customers migrate to more advanced process nodes, our investments in advanced technology and photomask fabrication processes have positioned us to profitably benefit from this trend. "

Constantine "Deno" Macricostas, Chairman and Chief Executive Officer commented on his outlook for the remainder of the fiscal year. "The horizon is filled with many opportunities. We continue to expand our presence in Asia, which has seen tremendous growth with the increasing use of foundries. In Europe, our role in supporting the region's key technology development alliances has increased our visibility with this regions major semiconductor companies. While in North America, we are moving forward with our plans to install our first manufacturing line dedicated to service the requirements of those customers moving toward 65 nanometer and below technologies." Mr. Macricostas concluded by noting, "The Company has seen a dramatic turnaround over the last year. We have made tough decisions and worked hard to generate positive results. Our success has been largely the result of the focus our global operations team has kept on building Photronics' reputation as the photomask industry's most efficient supplier and service leader. Now, as the industry has embarked on a long awaited up cycle, we will bring our growing technology expertise to bear on the complex lithography challenges facing our customers at and below the 65 nanometer node."

A conference call with investors and the media to discuss these results can be accessed by logging onto Photronics' web site at www.photronics.com/, then clicking on the "Conference Calls" button in the top right corner of the home page. The call is scheduled for 8:30 a.m. Eastern Daylight Time on Wednesday, May 19th and will be archived for instant replay access until the Company reports its fiscal third quarter results on August 17, 2004 after the equity markets close. The live call dial-in number is (706)634-5086.

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Photronics is a leading worldwide manufacturer of photomasks. Photomasks are high precision quartz plates that contain microscopic images of electronic circuits. A key element in the manufacture of semiconductors, photomasks are used to transfer circuit patterns onto semiconductor wafers during the fabrication of integrated circuits. They are produced in accordance with circuit designs provided by customers at strategically located manufacturing facilities in Asia, Europe, and North America. Additional information on the Company can be accessed at www.photronics.com.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Certain statements in this release are considered "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve risks and uncertainties. In particular, any statement contained in this release regarding the consummation and benefits of future acquisitions, expectations with respect to future sales, financial performance, operating efficiencies and product expansion, are subject to known and unknown risks, uncertainties and contingencies, many of which are beyond the control of the Company. These factors may cause actual results, performance or achievements to differ materially from anticipated results, performances or achievements. Factors that might affect such forward looking statements include, but are not limited to, overall economic and business conditions; the demand and receipt of orders for the Company's products; competitive factors in the industries and geographic markets in which the Company competes; changes in federal, state and foreign tax

requirements (including tax rate changes, new tax laws and revised tax law interpretations); the Company's ability to place new equipment in service on a timely basis; interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations; economic and political conditions in international markets; the ability to obtain a new bank facility or other financings; the ability to achieve anticipated synergies and other cost savings in connection with acquisitions and productivity programs; the timing, impact and other uncertainties of future acquisitions and investments; the seasonal and cyclical nature of the semiconductor industry; the availability of capital; management changes; damage or destruction to our facilities by natural disasters, labor strikes, political unrest or terrorist activity; the ability to fully utilize its tools; the ability of the Company to receive desired yields, pricing, product mix, and market acceptance of its products; changes in technology; and other risks and uncertainties set forth in the Company's SEC filings from time to time. Any forward-looking statements should be considered in light of these factors. The Company assumes no obligation to update the information in this release.

CyberMask is a trademark of Photronics, Inc.

04-Photronics Q2FY04 Earnings

PHOTRONICS, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Operations
(in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	May 2, 2004	May 4, 2003	May 2, 2004	May 4, 2003
Net sales	\$ 97,167	\$ 85,548	\$ 187,656	\$ 166,942
Costs and expenses:				
Cost of sales	64,133	62,808	125,984	126,564
Selling, general and administrative	13,297	14,612	26,831	28,985
Research and development	7,493	7,531	14,934	15,153
Consolidation, restructuring and related charges	-	42,000 (a)	-	42,000 (a)
Operating income (loss)	12,244	(41,403) (a)	19,907	(45,760) (a)
Other expense, net	(2,671)	(3,298)	(5,384)	(6,328)
Income (loss) before income taxes and minority interest	9,573	(44,701) (a)	14,523	(52,088) (a)
Income tax provision (benefit)	1,231	(1,874) (a)	2,524	(2,371) (a)
Income (loss) before minority interest	8,342	(42,827) (a)	11,999	(49,717) (a)
Minority interest	(2,357)	(1,243)	(3,872)	(2,840)
Net income (loss)	\$ 5,985	\$ (44,070) (a)	\$ 8,127	\$ (52,557) (a)
Earnings (loss) per share:				
Basic	\$ 0.18	\$ (1.37) (a)	\$ 0.25	\$ (1.64) (a)
Diluted	\$ 0.17	\$ (1.37) (a)	\$ 0.24	\$ (1.64) (a)
Weighted average number of common shares outstanding:				
Basic	32,526	32,053	32,510	32,045
Diluted	42,661	32,053	42,445	32,045

(a) Includes consolidation charges incurred in the second quarter of 2003 of \$42.0 million (\$39.9 million after tax or \$1.24 per diluted share) in connection with the Company's closing its manufacturing facility in Phoenix, Arizona and consolidation of the Company's North American operating infrastructure.

PHOTRONICS, INC. AND SUBSIDIARIES
Consolidated Condensed Balance Sheets
(in thousands)

	May 2, 2004	November 2, 2003
<u>Assets</u>		
Current assets:		
Cash, cash equivalents and short-term investments of \$108,445 in 2004 and \$17,036 in 2003	\$ 241,971	\$ 231,813
Accounts receivable	63,774	59,579
Inventories	12,411	14,329
Other current assets	37,408	34,161
Total current assets	355,564	339,882
Property, plant and equipment, net	383,194	387,977

Intangible assets, net	118,352	118,892
Other assets	15,729	18,789
	\$ 872,839	\$ 865,540
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Current portion of long-term debt	\$ 3,467	\$ 5,505
Accounts payable	36,648	43,997
Other accrued liabilities	29,590	31,871
	69,705	81,373
Total current liabilities		
Long-term debt	365,434	368,307
Deferred income taxes and other liabilities	56,101	54,723
Minority interest	57,625	52,808
Shareholders' equity	323,974	308,329
	\$ 872,839	\$ 865,540

PHOTRONICS, INC. AND SUBSIDIARIES
Consolidated Condensed Statements of Cash Flows
(in thousands)

	Six Months Ended	
	May 2, 2004	May 4, 2003
Cash flows from operating activities:		
Net income (loss)	\$ 8,127	\$ (52,557)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	42,445	43,576
Consolidation, restructuring and related charges	-	42,000
Changes in assets and liabilities and other	(9,367)	(14,928)
Net cash provided by operating activities	41,205	18,091
Cash flows from investing activities:		
Deposits on and purchases of property, plant and equipment	(30,953)	(17,638)
Purchase of short-term investments, net	(91,409)	(143)
Other	608	(795)
Net cash used in investing activities	(121,754)	(18,576)
Cash flows from financing activities:		
Repayment of long-term debt, net	(4,843)	(17,267)
Proceeds from issuance of common stock	1,225	335
Proceeds from issuance of convertible debt, net	-	145,170
Net cash provided by (used in) financing activities	(3,618)	128,238
Effect of exchange rate changes on cash flows	2,916	1,575
Net increase (decrease) in cash and cash equivalents	(81,251)	129,328
Cash and cash equivalents, beginning of period	214,777	113,944
Cash and cash equivalents, end of period	\$ 133,526	\$ 243,272

